



The Professional Tax Solution

State and Local Governments

Fiscal relief will be provided to prevent cuts in various state programs (such as health care, education, and law enforcement) for states that face large budget deficits.

Low-income Housing Credit

States can now receive a grant for low-income housing in lieu of low-income housing credit allocations for 2009.

Withholding on Government Contractors

The 3% withholding on government contractors has been delayed to December 31, 2011.

Bonds

The new law expands the following bond programs:

- **Industrial Development Bonds** — Extended to facilities manufacturing intangible property.
- **Qualified Zone Academy Bonds (QZAB)** — Annual limit on QZAB increased; the law also extends their availability at this limit through 2010.
- **High-Speed Rail Bonds** — Maximum speed requirements are modified for high-speed inter-city rail facilities for high-speed rail bonds.
- **AMT limits on new private activity bonds (PAB)** — PAB exclusion from treatment as a tax-preference item subject to AMT expanded to all private activity bonds issued in 2009 and 2010.
- **Tax-exempt interest paid to financial institutions** — De minimis safe harbor created for financial institutions that deduct interest expense allocable to investments in tax-exempt municipal bonds that were issued in 2009 and 2010.

The new law also provides for the following new bond programs:

- Recovery Zone Bonds
- Build America Bonds
- Qualified School Construction Bonds
- Tribal Economic Development Bonds